

DATE: January 8, 2003

TO: Members, State Board of Education

FROM: Ted Stilwill

SUBJECT: Rural Education Recommendations

For the last two years, the issue of maintaining the quality of education in rural Iowa has been part of the State Board of Education's Policy Development Agenda. In November we provided you with background data about rural schools and discussed several proposed initiatives designed to increase student opportunities and encourage efficiencies in small school districts.

The financial condition of the state and continuing declines in enrollment, coupled with projections for further decline, have brought these issues to the forefront. More recently the Program Elimination Commission established by the 2002 General Assembly indicated that they would be making legislative recommendations on small school districts and/or small high schools. It seems appropriate that the State Board may want to consider taking a position on these issues as well. While these recommendations may be reaching you earlier than we had originally planned, I believe that they will be consistent with many of our early conversations. I also previewed much of this data with you as part of the presentation to the Iowa Association of School Boards in November.

This memorandum provides some background information, data, and recommendations on the challenges of declining school district enrollments, district reorganization, and various types of sharing among districts.

### **Background and Conclusions**

Over the last 15 years Iowa's K-12 enrollment grew by 0.9% while K-12 enrollments across the country grew by 19.6%. During the last 15 years, kindergarten enrollments declined by 16.3% which, absent family in-migration to Iowa, will virtually guarantee enrollment declines into at least the next five years. 43% of our K-12 enrollment is located in 9 counties. 70% of school districts are slated for declining enrollment. Largely due to the challenges inherent in

operating very small high schools, these trends establish a climate for further district consolidation and for sharing opportunities that improve educational opportunities for high school students. Like other government services in scarcely populated areas, reducing administrative costs per client also becomes more essential.

While it is commonly stated that reducing the number of school districts might provide substantial savings in state funding, this is not the case, since K-12 education is funded on a per-student, formula driven basis, with little regard to the number of districts in which these students reside. The basic amount of funds generated under the formula would generally come to nearly the same number if all the students were in 400 districts or forty. It is true that larger districts are more efficient in that a smaller proportion of their budgets are allocated to administrative costs. But if we were to reduce the administrative costs of the 145 smallest districts to the same level as administrative costs of the districts in the 600-999 student range that are “medium size” for Iowa, we would shift only \$6 million in administrative costs to instruction. Administrative efficiency is worth pursuing, but it falls far short of a total solution.

The real dilemma of very small school districts is that they can only sustain very small high schools. The consequent problem of small size is one of quality not economy, although the two issues are intertwined.

Of the 347 districts with high schools in Iowa this year, more than 134, or 38.6%, each had fewer than 200 students. This year we have 20 high schools with fewer than 100 students. In addition, 24 of 371 districts do not maintain a high school and send their 9-12 students to other districts through one-way or two-way sharing agreements. It has become more difficult to staff our smaller high schools even though there are fewer course options. In small districts the pay is low because the highest cost factor is the cost of trying to provide even a minimal set of offerings to a small set of high school students. The staffing ratio in our 28 smallest high schools is nine students to every teacher. In our 33 largest high schools the ratio is 19 to one. Quite simply, this means that the larger high schools have twice the funding to support their high school teaching staff. The only way to make a high school affordable is to offer the minimum set of courses and, even then to pay teachers less. Because high school and elementary teachers are on the same salary schedule, all teachers are paid less. So K-12 salaries in the smaller districts lag the state average by \$8,200 and trail the larger districts by \$12,000.

As a result of these dynamics two conditions begin to arise. First the district is forced into a situation where overall teacher salaries are depressed over time and it becomes more difficult to recruit and retain staff. This makes it particularly difficult to recruit for the high school content areas where competition for candidates is most severe such as Math, Science, Industrial Technology, etc. As a result of the difficulty in recruitment and retention of high school staff, the

district may be unable to staff academic courses needed for the district to meet the state's minimum requirements for courses that must be “offered and taught”. At that point, the district risks loss of state accreditation.

The dialogue regarding small districts must be about the quality of opportunity for students. We are now truly in a time when the hallmark of a successful K-12 district will be the degree to which their students are able to succeed in postsecondary education. But at this critical time, our data suggest that there may be limitations for students in our smallest districts in instructional opportunities in terms of teacher quality and course offerings.

The table below uses 2001-2002 data and compares the 29 smallest districts representing 5,531 students (1.1% of Iowa public school students) with the 34 largest districts representing 231,166 or 45% of our students.

Variable	<250 Students	2500 – 7499 Students	>7500 Students	State Average
# of Districts/Students in Each Category	29/5,531	25/98,953	9/132,213	
% of Districts/Students in Each Category	7.8%/1.1%	6.7%/20.2%	2.4%/27.0%	
Advanced Degree Teachers	8.9%	32.6%	38.5%	26.8%
Avg. Years Experience	12	15.1	15.2	15
Avg. # Teaching Assignments 9-12	5.0	2.4	2.3	3.1
Percentage Beginning Teachers	8.2%	4.4%	3.9%	4.3%
Avg. Teaching Salary	\$29,996	\$39,870	\$42,249	\$38,230
Avg. Salary >10 years experience, B.A. only	\$32,531	\$41,775	\$43,655	\$39,982
Avg. Salary >10 years experience, Adv. Degree	\$34,797	\$48,847	\$51,461	\$47,433
H.S. Math units offered/taught	7.6	16.8	17.3	10.1
H.S. Science units offered/taught	5.1	14.3	15.1	8.2
% Students in Adv. Math	11.8%	26.9%	15.7%	19.1%
% Students in Physics	23.9%	39.4%	41.8%	34.7%
ACT Composite Score/%tested	21.1 57.5%	22.7 67.9%	22.3 57.7%	22 67.0%

(Enrollment categories not included in this table are 250-399; 400-599; 600-999; 1000-2499.)

### **Tentative Recommendations**

Our department will be reluctant to make a recommendation to the State Board or to the legislature that identifies an ideal size for a district or a high school. As you may know, the research that has been conducted in that regard was generated out of concern for very large urban high schools of several thousand students. The outcome of those studies has been to suggest that it may be advantageous to consider high schools of 800 rather than the much larger schools. This isn't very useful in Iowa where 3/4 of our high schools are smaller than that.

We can say that the state should encourage all high schools to have a projected enrollment that is greater than 200 students. While there are exceptions, high schools below that size begin to exhibit the differences in instructional opportunity noted in the table above. There will also be instances where some geographic areas that are county-size areas still have fewer than 200 students and it may not be feasible to transport students to larger centers.

#### *1. Incentives for School District Reorganization*

First, we acknowledge the fact that a few districts that are destined to have very small high schools must move toward consolidation. But we acknowledge that districts can often arrive at a better solution, more suited to their needs if they have the ability to determine and design the best course of action. We should provide districts with very small high schools a window of time for that self-determination to occur and should provide financial incentives for them to move to a district size which would have a high school of at least 200 students. We should also begin to design a process for action that could begin after that window of opportunity for self determination has come to an end in the event we still have very small high schools of fewer than 100 students.

Financial incentives have in the past proven to be useful in leading districts to consolidate very small high school attendance centers and form a single school district. These incentives would encourage the direct sharing of a superintendent and also the sharing of a high school program across two or more districts through whole grade sharing. New financial incentives would remain in place for a maximum of three years to allow districts the chance to plan, provide a process for public discussion and decision making and finally to implement the change. Districts could begin to enter this program in the 2003-04 school year or the 2004-05 school year and would need to show progress toward reorganization to continue to receive the incentive. Estimated new FY05 costs to provide these incentives would be \$1.5 million.

Additionally, we would also recommend that we obtain legislative authority for the State Board of Education to establish rules for the appointment and operation of a School District Reorganization Commission. School districts with high school enrollments projected to be below 100 students that do not reorganize voluntarily during the time period outlined above would be required to submit plans for necessary district reorganization to reach a projected high school size of at least

200 students. If those districts felt that the district could not reach a high school size of 200 students without an unreasonable transportation burden on students, then those districts could submit an alternative for the Commission to consider. The Commission would have the responsibility to review the plan and recommend it for approval, revise the plan in consultation with the districts involved, or create a new plan. The plan and recommendations from the Commission would be forwarded to the State Board of Education for approval.

## *2. Support for Parity in Learning Opportunity*

A second set of incentives should encourage and support instructional and administrative sharing among districts in order to provide reasonable parity in instructional opportunity to students. For the most part, funding to support the sharing of teachers, secondary courses, postsecondary courses, and to operate regional academies is already in place. We would recommend that one adjustment be made to provide a floor level of funding for regional academies at an estimated FY05 cost of \$500,000. We have undertaken a great deal of planning to be able to establish the Iowa Virtual Academy for the fall of the 2003-04 school year. (A short description of the Iowa Virtual Academy for school districts is attached.) Rather than create or access a weighting to support student participation in the IVA, we are recommending a straightforward appropriation of \$400,000 to fund the work of the IVA.

## *3. Support for Improving Administrative Efficiency and Effectiveness*

Even with some degree of district consolidation, a very large number of Iowa students will be well served in districts that would certainly not be considered large by national standards. The administrative costs in those districts, as a percentage of district expenditures, will tend to be slightly greater than larger districts. It also more challenging for the fewer number of administrators in small districts to address the increasingly complex management needs of all the different facets of school district administration that include instructional management, financial management, transportation, facilities, personnel, and so forth. It should be feasible to share some of these functions across multiple districts or even with other governmental entities.

An incentive funding could be provided through supplemental weighting for districts that share most of an identified list of administrative functions either as a consortium of districts or in formal collaboration with a third party provider such as an AEA, community college or other governmental entity. Any district would be limited to a maximum of \$40,000 in additional funding. Total FY05 costs for implementing this new weighting would be \$2.0 million.

## **Conclusion**

Some parts of this proposal will be viewed as controversial. Some will view the actions proposed as too aggressive and some will view them as not aggressive enough. I believe the proposed action is timely and the schedule is reasonable. The general direction of the proposal and many details need further discussion.

Clearest of all is the responsibility to begin this public discussion now and to reach agreement on a plan on how to proceed. The data will continue to verify that we have students whose educational needs will be increasingly unmet if we do not act. My own conversations with many local educators also indicate that it is appropriate that the state take a larger leadership role on behalf of those students.

**Iowa Virtual Academy**  
**Sponsored by the Iowa Department of Education**  
**Local School District Fact Sheet**

**Why?** The Iowa Virtual Academy will help you provide your students a wide range of courses that are not currently available in your district. It will also help you address teacher shortages, particularly in hard-to-fill subject areas. Courses from the Iowa Virtual Academy may provide your high school students with more “No Child Left Behind” learning resources (credit recovery, remediation, etc).

**What?** The Iowa Virtual Academy is a searchable collection of quality courses offered “at a distance.” The benefits to you are twofold: Your students will have access to Iowa Virtual Academy courses and your teachers may offer Iowa Virtual Academy courses to students in other schools. These courses will be delivered via ICN video classrooms and the Internet.

**Who will teach Iowa Virtual Academy courses?** Iowa Virtual Academy courses will be taught by appropriately licensed teachers who are employed by Iowa school districts like yours.

**How is quality of instruction ensured?** Three ways:

1. Your students will be taught by Iowa licensed teachers with the appropriate secondary endorsement.
2. Course curriculum will be reviewed and approved.
3. Your local academic “proctor” will support and monitor your students’ progress.

**Who may take these courses?** Your students in grades 9-12.

**Where?** Depending upon the specific course, your students will use the ICN video classroom at your school and/or computers with Internet access.

**What support does your district provide for your students enrolled in Iowa Virtual Academy courses?**

- Local academic “proctor” to monitor and support your students’ progress
- Supervised access to computers with Internet access (for Web-based courses)
- Supervised access to your ICN video classroom (for ICN video-based courses)
- Other resources such as textbooks, calculators, etc.
- Transportation to regional lab (if required for the specific course)

**How enrolled?** Your local district enrolls students in Iowa Virtual Academy courses. You determine the specific courses from the Iowa Virtual Academy that you wish to offer to your students.

**Who assigns the grade?** The Iowa Virtual Academy teacher provides you with your students’ achievement information. Your local district determines the grades your students receive for the Iowa Virtual Academy course. Your students’ transcripts will show course credit as being awarded by your district.

**How much?** You have two options:

1. **Cash:** You pay \$250 per student/semester course to the district providing the teacher.
2. **Low-cost:** You both teach and enroll students in Iowa Virtual Academy courses; no cash is exchanged.

No matter which option is selected, you provide your students with needed resources (textbooks, ICN video costs, school-based Internet access, etc).

**When?** The Iowa Virtual Academy will “launch” in the fall semester of the 2003-04 school year.

**Where do we find more information?** See [www.virtualacademy.k12.ia.us](http://www.virtualacademy.k12.ia.us) or contact Pam Pfitzenmaier at 1-800-532-1290 (pam@iptv.org)